

# House Study Bill 719 - Introduced

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
ECONOMIC GROWTH BILL BY  
CHAIRPERSON THOMAS)

## A BILL FOR

1 An Act relating to economic development by providing for the  
2 administration of certain withholding tax credits, the  
3 allocation of funds for certain job training programs,  
4 and the terms required in certain job training project  
5 agreements.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

WITHHOLDING TAX CREDITS

Section 1. Section 15A.7, unnumbered paragraph 1, Code Supplement 2009, is amended to read as follows:

In order to promote the creation of additional high-quality new jobs within the state, an agreement under section 260E.3 may include a provision for a supplemental new jobs credit from withholding from jobs created under the agreement. As used in this section, "new jobs credit from withholding" means the same as defined in section 260E.2. A provision in an agreement for which a supplemental credit from withholding is included shall provide for the following:

Sec. 2. Section 15A.9, subsection 3, paragraph a, unnumbered paragraph 1, Code Supplement 2009, is amended to read as follows:

At the request of the primary business or a supporting business, an agreement authorizing a supplemental new jobs credit from withholding from jobs within the zone may be entered into between the department of revenue, a community college, and the primary business or a supporting business. As used in this subsection, "new jobs credit from withholding" means the same as defined in section 260E.2. The agreement shall be for program services for an additional job training project, as defined in chapter 260E. The agreement shall provide for the following:

Sec. 3. Section 15E.197, subsection 4, Code Supplement 2009, is amended to read as follows:

4. For purposes of this section, "*eligible business*" means a business which has been approved to receive incentives and assistance by the department of economic development pursuant to application as provided in section 15E.195, and "*new jobs credit from withholding*" means the same as defined in section 260E.2.

Sec. 4. Section 260E.2, subsection 11, Code 2009, is amended to read as follows:

1 11. *"New jobs credit from withholding"* means the  
2 ~~credit~~ procedure for crediting to employers the amount of  
3 withholding tax payments made by the department of revenue to  
4 community colleges as provided in section 260E.5.

5 Sec. 5. Section 260E.5, subsections 2, 4, 5, and 6, Code  
6 2009, are amended to read as follows:

7 2. *a.* The employer shall remit the total amount of  
8 withholding payments due pursuant to section 422.16 to the  
9 department of revenue. An amount equal to one and one-half  
10 percent of the gross wages paid by the employer to each  
11 employee participating in a project shall be credited from the  
12 ~~payment made by an employer pursuant to section 422.16. If~~  
13 ~~the amount of the withholding by the employer is less than one~~  
14 ~~and one-half percent of the gross wages paid to the employees~~  
15 ~~covered by the agreement, then the employer shall receive a~~  
16 ~~credit against other withholding taxes due by the employer.~~  
17 ~~The employer shall remit the amount of the credit quarterly~~  
18 ~~in the same manner as withholding payments are reported to~~  
19 ~~the department of revenue,~~ withholding tax payments to be  
20 made by the department of revenue on a quarterly basis to the  
21 account of each community college to be allocated to and when  
22 collected paid into a special fund of the community college to  
23 pay the principal of and interest on certificates issued by the  
24 community college to finance or refinance, in whole or in part,  
25 the project.

26 *b.* When the principal and interest on the certificates have  
27 been paid, the ~~employer credits~~ department of revenue shall  
28 ~~cease and any money to credit withholding tax moneys to the~~  
29 account of the community college. All moneys received after  
30 the certificates have been paid shall be remitted to the  
31 treasurer of state to be deposited in the general fund of the  
32 state.

33 4. The employer shall certify to the department of revenue  
34 that the new jobs credit ~~in from~~ withholding is in accordance  
35 with an agreement and shall provide any other information the

1 department may require.

2 5. ~~A~~ In order to receive the moneys credited to a community  
3 college's account, the community college shall certify to  
4 the department of revenue the amount of new jobs credit  
5 from withholding an employer has remitted to be allocated  
6 and paid to the special fund and shall provide any other  
7 information the department may require. Upon reviewing the  
8 required information and verifying that the certified amount  
9 is correct, the department of revenue shall pay the certified  
10 amount into the special fund of the community college.

11 6. An employee participating in a project ~~will~~ must receive  
12 full credit for the amount withheld as provided in section  
13 422.16.

14 Sec. 6. Section 260G.2, subsection 13, Code 2009, is amended  
15 to read as follows:

16 13. "*Program job credit*" means the ~~credit~~ procedure for  
17 crediting to employers the amount of withholding tax payments  
18 made by the department of revenue to community colleges as  
19 provided in section 260G.4A.

20 Sec. 7. Section 260G.4A, subsections 2 through 5, Code 2009,  
21 are amended to read as follows:

22 2. a. Eligibility for program job credits shall be  
23 based on certification of program job positions and program  
24 job wages by the employer at the time established in the  
25 agreement. An employer shall remit the total amount of  
26 withholding payments due pursuant to section 422.16 to the  
27 department of revenue. An amount up to ten percent of the  
28 gross program job wage as certified by the employer in the  
29 agreement shall be credited from the ~~total payment made by~~  
30 ~~an employer pursuant to section 422.16.~~ The employer shall  
31 ~~receive a credit against all withholding taxes due by the~~  
32 ~~employer regardless of whether or not the withholding from the~~  
33 ~~employer of current program job wages is less than ten percent.~~  
34 ~~The employer shall remit the amount of the credit quarterly in~~  
35 ~~the same manner as withholding payments are reported to the~~

1 ~~department of revenue,~~ withholding tax payments to be made by  
2 the department of revenue on a quarterly basis to the account  
3 of each community college to be allocated to and when collected  
4 paid into a special fund of the community college to pay, in  
5 part, the program costs.

6 b. When the program costs have been paid, the ~~employer~~  
7 ~~credits department of revenue shall cease and any to credit~~  
8 withholding tax moneys to the account of the community college.  
9 All moneys received after the program costs have been paid  
10 shall be remitted to the treasurer of state to be deposited in  
11 the general fund of the state.

12 3. The employer shall certify to the department of revenue  
13 that the program job credit is in accordance with the agreement  
14 and shall provide any other information the department may  
15 require.

16 4. A In order to receive the moneys credited to a community  
17 college's account, the community college shall certify to  
18 the department of revenue that the amount of the program job  
19 credit to be allocated and paid to the special fund is correct  
20 and in accordance with an agreement and shall provide any other  
21 information the department may require. Upon reviewing the  
22 required information and verifying that the certified amount  
23 is correct, the department of revenue shall pay the certified  
24 amount into the special fund of the community college.

25 5. Employees ~~from~~ of an employer participating in an  
26 agreement ~~shall~~ must receive full credit for the amount  
27 withheld as provided in section 422.16.

28 Sec. 8. Section 403.19A, subsection 1, Code Supplement  
29 2009, is amended by adding the following new paragraph:

30 NEW PARAGRAPH. Og. "Targeted jobs withholding credit"  
31 means the procedure for crediting to employers the amount of  
32 withholding tax payments made by the department of revenue to a  
33 pilot project city as provided in subsection 3.

34 Sec. 9. Section 403.19A, subsection 3, paragraphs a, b,  
35 e, f, g, and h, Code Supplement 2009, are amended to read as

1 follows:

2     ~~a. A pilot project city may provide by ordinance for~~  
3 ~~the deposit into a designated account in the special fund~~  
4 ~~described in section 403.19, subsection 2, of the targeted~~  
5 ~~jobs withholding credit described in this section and an~~  
6 employer may enter into a withholding agreement pursuant to  
7 this subsection. Such an agreement may include a provision  
8 for a targeted jobs withholding credit. The targeted jobs  
9 withholding credit shall be based upon the wages paid to  
10 employees pursuant to a withholding agreement.

11     ~~b. The employer shall remit the total amount of withholding~~  
12 payments due pursuant to section 422.16 to the department  
13 of revenue. An amount equal to three percent of the gross  
14 wages paid by an employer to each employee under a withholding  
15 agreement shall be credited from the ~~payment made by the~~  
16 ~~employer pursuant to section 422.16.~~ If the amount of the  
17 ~~withholding by the employer is less than three percent of the~~  
18 ~~gross wages paid to the employees covered by the withholding~~  
19 ~~agreement, the employer shall receive a credit against other~~  
20 ~~withholding taxes due by the employer or may carry the credit~~  
21 ~~forward for up to ten years or until depleted, whichever is the~~  
22 ~~earlier. The employer shall remit the amount of the credit~~  
23 ~~quarterly, in the same manner as withholding payments are~~  
24 ~~reported to the department of revenue, withholding tax payments~~  
25 to be made by the department of revenue on a quarterly basis to  
26 the account of each pilot project city to be allocated to and  
27 when collected paid into a designated account in the special  
28 fund for the urban renewal area in which the targeted jobs are  
29 located. All amounts so deposited shall be used or pledged by  
30 the pilot project city for an urban renewal project related to  
31 the employer pursuant to the withholding agreement.

32     ~~e. (1) The employer shall certify to the department~~  
33 ~~of revenue that the targeted jobs withholding credit is in~~  
34 ~~accordance with the withholding agreement and shall provide~~  
35 any other information the department may require. Notice of

1 any withholding agreement shall be provided promptly to the  
2 department of revenue following execution of the agreement by  
3 the pilot project city and the employer.

4 (2) Following termination of the withholding agreement,  
5 the ~~employer credits~~ department of revenue shall cease and any  
6 ~~money to credit withholding tax moneys to the account of the~~  
7 pilot project city. All moneys received by the pilot project  
8 ~~city~~ after termination shall be remitted to the treasurer of  
9 state to be deposited into the general fund of the state.  
10 Notice shall be provided promptly to the department of revenue  
11 following termination.

12 f. If the employer ceases to meet the requirements of the  
13 withholding agreement, the agreement shall be terminated and  
14 any targeted jobs withholding tax credits for the benefit  
15 of payments credited to the employer ~~employer's obligations~~  
16 under the agreement shall cease. However, in regard to the  
17 number of new jobs that are to be created, if the employer  
18 has met the number of new jobs to be created pursuant to  
19 the withholding agreement and subsequently the number of new  
20 jobs falls below the required level, the employer shall not  
21 be considered as not meeting the new job requirement until  
22 eighteen months after the date of the decrease in the number of  
23 new jobs created.

24 g. A In order to receive the moneys credited to a pilot  
25 project city's account, the pilot project city shall certify  
26 to the department of revenue the amount of the targeted jobs  
27 withholding credit an employer has remitted to the city to  
28 be allocated and paid to the special fund as provided for  
29 under the agreement and shall provide any other information  
30 the department may require. Upon reviewing the required  
31 information and verifying that the certified amount is correct,  
32 the department of revenue shall pay the certified amount into  
33 the designated account of the special fund of the urban renewal  
34 area in which the targeted jobs are located.

35 h. An employee whose wages are subject to a withholding

1 agreement ~~shall~~ must receive full credit for the amount  
2 withheld as provided in section 422.16.

3     Sec. 10. Section 403.19A, subsection 3, paragraph j,  
4 subparagraph (1), Code Supplement 2009, is amended to read as  
5 follows:

6     (1) A pilot project city entering into a withholding  
7 agreement shall arrange for matching local financial support  
8 for the project. The local match required under this paragraph  
9 "j" shall be in an amount equal to one dollar for every dollar  
10 of targeted jobs withholding credit tax payments received by  
11 the pilot project city from the department of revenue.

12     Sec. 11. Section 422.16A, Code 2009, is amended to read as  
13 follows:

14     **422.16A Job training withholding — certification and**  
15 **transfer.**

16     Upon the completion ~~by a business of its repayment~~  
17 obligation of the payment of program costs for a training  
18 project funded under chapter 260E, including a job training  
19 project funded under section 15A.8 or repaid in whole or in  
20 part by the supplemental new jobs credit from withholding  
21 under section 15A.7 or section 15E.197, the sponsoring  
22 community college shall report to the department of economic  
23 development the amount of withholding ~~paid by the business tax~~  
24 payments credited by the department of revenue to the account  
25 of the community college during the final twelve months of  
26 withholding payments. The department of economic development  
27 shall notify the department of revenue of ~~that~~ the amount  
28 reported by the community college. The department of  
29 revenue shall credit to the workforce development fund account  
30 established in section 15.342A twenty-five percent of that  
31 amount each quarter for a period of ten years. If the amount  
32 of withholding ~~from the business or employer~~ credited by  
33 the department of revenue is insufficient, the department  
34 of revenue shall prorate the quarterly amount credited to  
35 the workforce development fund account. The maximum amount

1 ~~from all employers~~ of withholding tax credit which shall be  
2 transferred to the workforce development fund account in any  
3 year is four million dollars.

4 Sec. 12. APPLICABILITY.

5 1. This division of this Act applies to all agreements  
6 concerning withholding tax credit payments entered into  
7 pursuant to the provisions of chapters 260E and 260G and  
8 section 403.19A before, on, or after the effective date of this  
9 division of this Act.

10 2. An agreement entered into prior to the effective date of  
11 this division of this Act shall be administered in compliance  
12 with the provisions of this division of this Act, and the  
13 parties to such agreements shall amend the agreements as  
14 necessary.

15 DIVISION II

16 JOB TRAINING FUNDS

17 Sec. 13. Section 15.343, subsection 3, Code 2009, is amended  
18 by striking the subsection and inserting in lieu thereof the  
19 following:

20 3. At least three million dollars of the moneys in the  
21 workforce development fund shall be allocated for purposes of  
22 the job training fund pursuant to section 260F.6.

23 Sec. 14. Section 260C.44, Code 2009, is amended to read as  
24 follows:

25 **260C.44 Apprenticeship programs.**

26 1. Each community college is authorized to establish or  
27 contract for the establishment of apprenticeship programs  
28 for apprenticeable occupations. Any apprenticeship program  
29 established under this section shall comply with requirements  
30 established by the United States department of labor,  
31 bureau of apprenticeship and training. Participation in an  
32 apprenticeship program or apprenticeship agreement by an  
33 apprenticeship sponsor shall be on a voluntary basis.

34 2. For purposes of this section, the following terms have  
35 the following meanings:

1     a.   ~~"apprenticeship~~ "Apprenticeship program" means a plan,  
2 registered with the United States bureau of apprenticeship  
3 and training which contains the terms and conditions for the  
4 qualification, recruitment, selection, employment, and training  
5 of apprentices, including the requirement for a written  
6 apprenticeship agreement.

7     b.   ~~For purposes of this section, "apprenticeship~~  
8 "Apprenticeship sponsor" means a person operating an  
9 apprenticeship program or in whose name an apprenticeship  
10 program is being operated, registered, or approved.

11    c.   ~~For purposes of this section, "apprenticeable~~  
12 "Apprenticeable occupation" means an occupation approved for  
13 apprenticeship by the United States department of labor, bureau  
14 of apprenticeship and training.

15    d.   ~~For purposes of this section,~~  
16 ~~"apprentice"~~ "Apprentice" means a person who is at least sixteen  
17 years of age, except where a higher minimum age is required by  
18 law, who is employed in an apprenticeable occupation, and is  
19 registered with the United States department of labor, bureau  
20 of apprenticeship and training.

21     Sec. 15. Section 260F.2, subsection 11, Code 2009, is  
22 amended to read as follows:

23     11. "Project" means a training arrangement which is the  
24 subject of an agreement entered into between the community  
25 college and a business to provide program services. "Project"  
26 also means a department-sponsored training arrangement  
27 which is sponsored by the department and administered under  
28 ~~sections section~~ section 260F.6A ~~and 260F.6B.~~

29     Sec. 16. Section 260F.6, Code 2009, is amended by adding the  
30 following new subsection:

31     NEW SUBSECTION. 4. Of the moneys in the job training fund,  
32 at least thirty percent shall be used for purposes of funding  
33 new or statewide apprenticeship programs. For purposes of  
34 this section, "apprenticeship program" has the same meaning as  
35 defined in section 260C.44.

1     Sec. 17. REPEAL. Section 260F.6B, Code 2009, is repealed.

2                                   DIVISION III

3                                   JOB TRAINING PROJECT AGREEMENTS

4     Sec. 18. Section 260C.66, Code 2009, is amended to read as  
5 follows:

6     **260C.66 Reports to general assembly.**

7     1. The board of directors of each community college shall  
8 determine, in consultation with the legislative services  
9 agency, the financial information to be included in line item  
10 budget information for projects funded by the issuance of  
11 bonds or notes under this chapter and shall submit the line  
12 item budget information to the general assembly as requested.  
13 The board of directors of each community college shall submit  
14 quarterly reports to the general assembly concerning the  
15 projects funded by the issuance of bonds or notes under this  
16 chapter as follows:

17     ~~1.~~ a. Identification of both undercharges and overcharges  
18 for line items of projects.

19     ~~2.~~ b. Identification of contracts in which any line item  
20 for a project exceeds the adopted budget for that line item by  
21 ten percent or more.

22     ~~3.~~ c. Identification of complaints received by an  
23 institution regarding the construction of a project.

24     d. Identification of all job training projects, including  
25 an assessment of the status of each project. The assessment  
26 shall specify whether a project is in compliance with the terms  
27 of the project agreement and shall list the projects that are  
28 terminating. For purposes of this section, "project" means  
29 a training arrangement which is the subject of an agreement  
30 entered into between a community college and a business or an  
31 employer to provide program services and includes projects  
32 specified in agreements entered into pursuant to chapters 260E,  
33 260F, and 260G.

34     2. If the board of directors of a community college  
35 approves a change in the amount of the line item of a

1 budget for a project, the change shall be transmitted to the  
2 appropriations committees of the house of representatives  
3 and senate, while the general assembly is in session, and to  
4 the legislative council, when the general assembly is not in  
5 session, for review.

6 Sec. 19. Section 260E.3, Code 2009, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 6. *a.* An agreement shall last for a  
9 period of five years, unless an earlier date of termination is  
10 mutually agreed upon, shall specify the number of employees to  
11 be trained within three years of the signing of the agreement,  
12 and shall require that a certain number of the employees who  
13 will have been trained be maintained throughout the duration  
14 of the agreement.

15 *b.* An agreement shall require an employer to report annually  
16 to the community college the total number of employees trained  
17 and the number of trained employees still employed as of  
18 the end of the third, fourth, and fifth years of the period  
19 specified in the agreement.

20 *c.* An agreement shall provide for a date of termination  
21 not to exceed five years from the date of the agreement, and a  
22 project shall not be extended beyond the date of termination  
23 specified in the agreement.

24 Sec. 20. Section 260F.3, Code 2009, is amended to read as  
25 follows:

26 **260F.3 Agreement.**

27 1. A community college may enter into an agreement to  
28 establish a project.

29 2. An agreement shall provide for, but is not limited  
30 to, the following:

31 ~~1.~~ a. Date of agreement.

32 ~~2.~~ b. Anticipated number of employees to be trained within  
33 three years of the signing of the agreement.

34 ~~3.~~ c. Estimated cost of training.

35 ~~4.~~ d. Anticipated dates of commencement and termination of

1 training.

2 ~~5.~~ e. Other criteria established by the department.

3 3. An agreement shall last for a period of five years,  
4 unless an earlier date of termination is mutually agreed upon,  
5 and shall require that a certain number of the employees  
6 who will have been trained during the three-year period be  
7 maintained throughout the duration of the agreement.

8 4. An agreement shall require an employer to report annually  
9 to the community college the total number of employees trained  
10 and the number of trained employees still employed as of  
11 the end of the third, fourth, and fifth years of the period  
12 specified in the agreement.

13 5. An agreement shall provide for a date of termination  
14 not to exceed five years from the date of the agreement, and a  
15 project shall not be extended beyond the date of termination  
16 specified in the agreement.

17 Sec. 21. Section 260F.9, Code 2009, is amended to read as  
18 follows:

19 **260F.9 Job retention program.**

20 1. The department of economic development shall administer  
21 the job retention program. The department shall adopt rules  
22 pursuant to chapter 17A necessary for the administration of  
23 this section. By January 15 of each year, the department  
24 shall submit a written report to the general assembly and the  
25 governor regarding the activities of the job retention program  
26 during the previous calendar year.

27 2. A community college and the department may enter into an  
28 agreement to establish a job retention project.

29 3. A job retention project agreement shall include, but not  
30 be limited to, the following:

31 a. The date of the agreement.

32 b. The anticipated number of employees to be trained within  
33 three years of the signing of the agreement.

34 c. The estimated cost of training.

35 d. A statement regarding the number of employees employed

1 by the participating business on the date of the agreement  
2 which must equal at least the lesser of one thousand employees  
3 or four percent or more of the county's resident labor force  
4 based on the most recent annual labor force statistics from the  
5 department of workforce development.

6 e. A commitment that the participating business shall invest  
7 at least fifteen million dollars to retool the workplace and  
8 upgrade the facilities of the participating business.

9 f. A commitment that the participating business shall not  
10 move the business operation out of this state or close the  
11 business operation for at least ten years following the date  
12 of the agreement.

13 g. Other criteria established by the department of economic  
14 development.

15 4. A job retention project agreement shall last for a  
16 period of five years, unless an earlier date of termination  
17 is mutually agreed upon, and shall require that a certain  
18 number of the employees who will have been trained during the  
19 three-year period be maintained throughout the duration of the  
20 agreement.

21 5. An agreement shall require an employer to report annually  
22 to the community college the total number of employees trained  
23 and the number of trained employees still employed as of  
24 the end of the third, fourth, and fifth years of the period  
25 specified in the agreement.

26 6. An agreement shall provide for a date of termination  
27 not to exceed five years from the date of the agreement, and a  
28 project shall not be extended beyond the date of termination  
29 specified in the agreement.

30 ~~3.~~ 7. A job retention project agreement entered into  
31 pursuant to this section must be approved by the board of  
32 trustees of the applicable community college, the department of  
33 economic development, and the participating business.

34 Sec. 22. Section 260G.3, subsection 5, Code 2009, is amended  
35 by striking the subsection and inserting in lieu thereof the

1 following:

2        5. a. An agreement shall last for a period of five years,  
3 unless an earlier date of termination is mutually agreed upon,  
4 shall specify the number of employees to be trained within  
5 three years of the signing of the agreement, and shall require  
6 that a certain number of the employees who will have been  
7 trained be maintained throughout the duration of the agreement.

8        b. An agreement shall require an employer to report annually  
9 to the community college the total number of employees trained  
10 and the number of trained employees still employed as of  
11 the end of the third, fourth, and fifth years of the period  
12 specified in the agreement.

13        c. An agreement shall provide for a date of termination  
14 not to exceed five years from the date of the agreement, and a  
15 project shall not be extended beyond the date of termination  
16 specified in the agreement.

17	EXPLANATION
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18 This bill amends certain withholding tax credit programs,  
19 changes the allocation of funds for certain job training  
20 programs, and provides for additional requirements in certain  
21 job training project agreements.

22 Division I of the bill amends certain withholding tax credit  
23 programs related to jobs training and economic development.  
24 Currently, the industrial new jobs training program, the  
25 accelerated career education program, and the targeted jobs  
26 withholding program all allow a certain percentage of the  
27 withholding taxes due from businesses to the state to be  
28 remitted directly to either community colleges or pilot  
29 project cities. Division I amends the programs to require that  
30 businesses pay their withholding taxes to the department of  
31 revenue and that community colleges and pilot project cities  
32 certify to the department the amount of the credit due them  
33 under the programs. The department is required to verify those  
34 amounts before remitting the credit amounts.

35 Division I applies to existing and future agreements,

1 requiring amendments to existing agreements in conformance with  
2 the division.

3 Division II of the bill eliminates the high technology  
4 apprenticeship program provided for in section 260F.6B,  
5 requires that at least 30 percent of the moneys in the job  
6 training fund be used for purposes of funding new or statewide  
7 apprenticeship programs, and makes conforming amendments.

8 Division III of the bill requires the boards of directors  
9 of the community colleges, in their quarterly reports to  
10 the general assembly, to identify all job training projects  
11 and assess the status of each project by specifying whether  
12 each project is in compliance with the terms of its project  
13 agreement.

14 Division III also requires that job training project  
15 agreements entered into under the provisions of chapters 260E,  
16 260F, and 260G specify the following: (1) that the agreement  
17 will last for a period of no more than five years; (2) the  
18 number of employees to be trained within three years of the  
19 signing of the agreement; (3) that a certain number of the  
20 employees who will have been trained in those three years be  
21 maintained throughout the five-year agreement period; (4) that  
22 an employer must report annually to the community college the  
23 total number of employees trained and the number of trained  
24 employees still employed as of the end of the third, fourth,  
25 and fifth years of the agreement period; and (5) that a project  
26 shall not be extended beyond the date of termination specified  
27 in the agreement.